[Private and Confidential.]

GRAND TRUNK RAILWAY

OF

CANADA.

CORRESPONDENCE

Between Mr. William Pare, and Members of the Provincial Government of Canada.

GRAND TRUNK RAILWAY COMPANY OF CANADA.

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[No. 1.]

[Copy.]

Russell's Hotel,
16th April, 1861.

Grand Trunk.

Dear Sir,—

I shall be obliged if you can inform me on the following matters :—

Have the Government yet finally resolved whether or not to introduce the Bill, they proposed some weeks ago ?

Have you looked at Mr. Benjamin's Bill ; and do you not think it will require a proviso reserving any rights acquired under Grand Trunk, or other Acts, since the Bill would probably coerce a Court in giving an interpretation to the word "Railway" wherever it may now stand, pure and simple ?

Can you say whether the Chicago, Detroit and Port Huron line leased by Grand Trunk is worked by hired Engines and other rolling Stock, and if so from whom hired.

Yours faithfully,

(Signed,) WILL: PARE.

Honorable John Ross,
&c., &c., &c.

[No. 2.]

[Copy.]

Legislative Council,
16th April, 1861.

Grand Trunk.

Dear Sir,—

It is very doubtful what course the Government will pursue but if a Bill be agreed upon, I shall be happy to give you the earliest information of the decision to which we come.

I have read the 4th clause of Mr. Benjamin's Bill, and shall get it struck out when it comes to our House, or else, shall alter its terms so as to avoid what you apprehend.

In reply to your last question I may state that the line is worked partly by hired stock, and partly by its own. The hired stock is obtained from the Quincy line.

Yours sincerely,

(Signed,) JNO. ROSS.

William Pare, Esquire,
Russell's Hotel.

[No. 3.]

[Copy.]

Russell's Hotel,
Quebec, 17th April, 1861.

Grand Trunk.

Dear Sir,—

I thank you for your note of last evening. Since it was received, however, I find that one of your colleagues, the Hon. Mr. Cartier, yesterday introduced a Bill on the subject of Receivers of Railways generally, when difficulties are felt by the Government in the transmission of the Mails; and as in the present exceptional, not to say alarming condition of the Grand Trunk, it may become the first fruits of this Bill, it becomes my duty to ascertain what are the facts, and I shall be obliged if you will kindly send me a copy at the earliest moment.

I have been patiently waiting since my arrival here, to see the kind of measure, if any, which might be submitted to the Legislature, to relieve the Grand Trunk from its present very critical position. I know that great expectations were formed on the other side by the framers of the Petition to Parliament, that the Government and the Legislature would not let this Session pass without some relief in the premises. The Petition was, however, allowed to pass unnoticed, and yourself and two other members of the Government informed me, that they could not if they would extend any further pecuniary aid to the Company. Still, I was told that a Bill intended to affect the Railway in certain contingencies, was in preparation, and as I was kindly promised an early copy of that Bill, I thought it respectful and proper to wait and see its contents, before any measure was suggested by me on the part of the Preference Bondholders whom I represent.

As, however, your note of last evening informs me, that "it is very doubtful what course the Government will pursue"—as the Session, intended not to be a long one, is already far advanced; and as Grand Trunk affairs are daily becoming financially worse, and more complicated, and there is real danger of a stoppage of the road—it becomes a duty, the performance of which I feel I can no longer delay, to submit to the Government a Bill, the great leading features of which are:—

1. To preserve the property intact, by the appointment of a Receiver, pending the settlement of legal rights and priorities, which are in no way interfered with by the Bill.

2. To give enabling powers to raise, with consent of present Preference Bondholders, a *new* Preferential Capital to pay the Judgment Creditors—if the Courts shall decide that they have a first lien over any part of the property—instead of allowing the property to be seized and sold, and the line to be stopped.

3. To give enabling powers, also, to raise a further sum as *new* Preferential Capital—with consent as above—properly to equip the road, and give enlarged facilities for its development, under the present management, which the Bill does not propose to interfere with.

You will see that by this measure, if adopted, the Preference Bondholders would be making a concession, which, I believe, they need not do, if they were disposed to press their extreme rights, regardless of those behind them; or were content to wait and let things drift as they may. Those whom I represent have, however, no such selfish policy. They are desirous of seeing a course adopted, which shall benefit all interests, and hence I venture to submit, without prejudice, according to instructions, the heads of a measure, which I am prepared to explain in detail. May I ask, therefore, that you will kindly lay this letter before your colleagues in the Government, and let me hear from you thereon?

I am, dear Sir,

Your's faithfully,

(Signed,) WILL: PARE.

Hon. JOHN ROSS,
President of the Executive Council,
&c., &c., &c.

[No. 4.]

[C. .]

EXECUTIVE COUNCIL CHAMBER,
Quebec, 18th April, 1861.

DEAR SIR,—

Although Mr. Cartier gave notice of a General Bill in the House of Assembly, on Tuesday, which will if fully completed and submitted to the House, embrace clauses affecting the Grand Trunk and all other Railways which have received Government aid, I am still apprehensive that no measure will be proceeded with this session, and I give you this opinion solely upon the slow progress of business since the House met. Members on both sides seems anxious to occupy the time in making speeches to their constituents to help them in the coming elections. If you will call upon me on Monday, at eleven o'clock A. M. (11), here, I shall be happy to see you and will be able to give you perhaps further information.

If you desire it, I shall be glad to get Mr. Cartier to give you an interview at the same time, but I must tell you frankly that you cannot get the Government to agree to carry a measure for the Grand Trunk *per se* in *any shape*, although I think your proposition a very fair one.

Your sincerely,

(Signed,) JOHN ROSS.

WILLIAM PARE, Esquire,
Russell s Hotel.

[No. 5.]

[COPY.] RUSSELL'S HOTEL,

Quebec, 18th April, 1861.

DEAR SIR,—

I am in receipt of your letter of this morning, and will wait upon you at 11 A. M., on Monday next, at the Executive Council Chamber. I shall be glad too, that you will kindly secure Mr. Cartier's presence, if possible, for notwithstanding what you say in your letter, and which has startled me not a little, that I "cannot get the Government to agree to carry a measure for the Grand Trunk *per se in any shape*," I should ill discharge the very onerous and—seing the largeness of the interests at stake—I may say *solemn* duty imposed upon me, if I did not use all the powers I possess to induce the Government to reconsider a determination, which, if adhered to, will in all probability be attended by the most disastrous effects *on all parties* interested in Grand Trunk property, though chiefly to those whose interests I am not here specially to protect. And I venture to add with all the force consistent with the respect due to those of whom I speak, that persistence in such a course will be found not to reflect credit on the Government itself. For how stand the facts !

1. The Grand Trunk Company is admittedly insolvent.

2. It has tried in vain to obtain pecuniary aid from the Province by memorial to the Government, and Petition to Parliament.

3. The Government has repeatedly declared its inability, if even it had the will, to make further advances.

4. Messrs. Baring & Glyn have obtained judgment for an unusually large sum: one of the Contractors has commenced proceedings for overdue Bills of Exchange to a large amount: and the Preference Bondholders are before the Courts to assert their rights and priorities. From the proceedings of these several parties the integrity of the property is menaced; but should *they* forbear for the moment to press their claims to the utmost limit of their legal rights, there are still;—

5. Numerous simple contract creditors who will immediately commence suits against the Company, when they find this session pass over without an attempt on the part of any to come to the rescue; and who will unquestionably seize and sell the property.

6. The non-payment of the rent and interest due in respect of the lease of the Atlantic and St. Lawrence Company exposing this part of the property, with all its improvements and equipment, to be taken possession of at any hour, without notice, and the lease to be forfeited.

7. Whilst the concern is thus threatened from without, its vitality is endangered from within, and it may any day come to a stand from sheer inanition. The very wages of labour run into arrear, a laxity of discipline is thereby induced, threatening a complete disorganization of the staff; whilst from these causes and the bad material condition of the road, the traffic is carried on at an enormous risk to life and property.

In this condition of affairs I approach the Government on behalf of those I represent, belonging to the class who have the first lien upon the property, simply asking that the parties interested shall be placed by the Legislature in a condition to *to help themselves* first to *save* their property, next to *improve* it. And not for themselves only (who live thousands of miles away and to whom the railway as a means of transit is of no use) but for the Province and the Government, to whom

it is almost a matter of life and death that the road shall be kept continuously open. I am tempted to dwell at some length on the exceeding importance of this, at the present juncture, when owing to the rupture in the neighbouring states, traffic is seeking new channels, which if well cared for may become permanent. I must refrain, however, from a topic so wide; and I am sure I need not remind you that "there is a tide in the affairs" of nations as of men.

You, Sir, have stamped the measure I propose with your approbation:—You say, You think it "is a very fair one." And so it is. The Preference Bondholders, whom I represent, are fully aware that the concern for all behind them at least, is, as at present, worthless. But they are Englishmen, and scorn to seek a purely selfish advantage. In a common danger they have a voice for others as well as for themselves. If the measure they propose be adopted they make a present concession, and at the same time shew their faith in the future fortunes of the concern under good management. And I cannot bring myself to believe that the government will undertake the responsibility—heavy, as it seems to me—of declining to give all the aid which in them lies to achieve this good.

I conclude by submitting that the measure I propose will accomplish, in the case of the Grand Trunk, all that which is proposed by the Bill of Mr. Cartier, whilst it will relieve the government of the necessity of undertaking the conduct of the great commercial adventure—a matter which would be viewed with great jealousy by a people living under our free institutions; and which could not fail to lead to endless complications of one kind or other, and also to a large outlay of the public funds, which as I understand is the very thing of all others, which the government and the Province wish—or rather are *resolved*—in this matter studiously to avoid.

I am, dear sir,

Yours faithfully,

(Signed,) WILL: PARE.

Hon. John Ross,

President of the Executive Council,

&c., &c., &c.

[No. 6.]

[Copy.]

Russell's Hotel,
23rd April, 1861.

Hon. George E. Cartier,
&c., &c., &c.

Grand Trunk.

Dear Sir,—

Referring to the interview accorded to me yesterday by yourself and Mr. Ross, I beg to say, that I last evening forwarded as promised to you and to Mr. Ross, a draft of the proposed Bill, the heads of which I laid before you in the morning.

I have within the last few days adressed two letters on this subject to Mr. Ross, as President of the Executive Council, and at the risk of being thought importunate, I am about to supplement what I have said to him by these few lines to you, and which arise out of our conversation yesterday.

I understood you to agree with Mr. Ross in the expression of opinion which he had previously made, that the general features of the measure I propounded were fair and reasonable, whilst the only objection—if indeed I am right in calling it an objection—you made, was that the Act was, as to some parts, permissive only, and might not be operated.

With great respect I submit that under the circumstances of this case it is not a reason why the government should decline to lend their aid to the passing of this Bill :—

1. Because the Grand Trunk Company is confessedly insolvent, unable to carry on the traffic satisfactorily, and has declared through its Directors the probability of its being stopped altogether.

2. Because it is in the highest degree important,—nay, positively *necessary* for the welfare of the Province, and the proper discharge of many of the functions of the government that the road should be not only kept continuously open, but that the facilities for the proper conduct of the traffic should be largely increased and improved.

3. Because the government has positively declared in answer to Memorial to itself, and petition to the Legislature that it cannot afford any substantial relief.

4. Because the Shareholders and Bondholders, as a body, have deliberately chosen to rest their last appeal to the Canadian Parliament on the petition recently presented, the prayer of which is that, "fully reserving all legal rights, such *speedy* and effectual relief may be afforded as in the wisdom of the Legislature may be best adapted to the necessities and merits of the case, and may be most consistent with the rights of all parties."

5. Because the Bill now submitted is :—

   (A) the only measure propounded by any party.

   (B) proposed—though without prejudice, and with the view of a speedy solution of great difficulties and dangers—by an important section of the Preference Bondholders—first mortgagees of the entire property—now before the Courts for the enforcement of their claims.

   (C) conforms entirely to the prayer of the Petitioners with the single exception of a quality which it is in the power of the Government to command.

6. Because *time* is an element of the highest consequence in preserving the property from waste and dilapidation, and in putting this great enterprize (in which the onward progress of the Province is so intimately bound up) in a condition commensurate with its importance ; and moreover *time* is the very essence of the contract now sought to be made with parties whose interests will inevitably be entirely wiped out if not accepted.

7. Because under the Bill, if accepted and brought into operation the Judgment Creditors and others having simple contract claims will have fuller and more speedy payment than, even if they succeed in their suits, they can have otherwise.

8. Because—it is respectfully submitted—the Government are under a moral obligation of seizing this, probably the *only*, opportunity, which will be afforded them of keeping alive the interests of unsecured Bond and Shareholders, whose money was undoubtedly obtained on faith of the statements put forward in the original Prospectus backed by the names of two leading Capitalists in England, who were therein held forth to the public as "*Agents of the Province of Canada, and Directors of the Company on behalf of the Canadian Government.*"

9. Because the Bill will, in the instance of the Grand Trunk, afford to the Government all the protection of its interests, in keeping open the road, the carriage of the Mails, &c., which is proposed by the Bill introduced by the Attorney General ; whilst it will avoid the necessity of Government interference, involving, if not a large expenditure of the public funds, numerous jealousies and heart burnings, and complications of many kinds, proving it is believed a source of weakness rather than strength to any Administration.

10. Because all delay is fraught with danger, and by postponing indefinitely all chance of relief to most of the classes interested, will lead to irritation among all, and loss and ruin to many.

For these among other reasons I respectfully urge upon the Government the adoption,—*with any alterations which may be agreed upon*,—of the measure which I have laid before them ; and which, from the not unfavorable view you, Sir, have already taken of it, I trust will be the case.

At all events I must respectfully ask for an early determination, as upon it will depend other steps which, in obedience to my instructions, it will be incumbent upon me to take.

Believe me, dear Sir,

Yours very faithfully,

(Signed,) WILL. PARE.

[No. 7.]

[Copy.]

Russell's Hotel,
Quebec, 25 April, 1861.

Grand Trunk.

Dear Sir,—

If you can communicate to me by 12 o'clock to-morrow the decision of the Government with respect to the measure I have laid before it, I shall feel obliged.

If also it be determined to proceed with the Bill of which you gave notice on the 16th instant, I shall be further obliged if you will favor me with an early copy, so as to give me an opportunity of noting its provisions before it is laid before the Assembly.

Believe me, dear Sir,
Yours faithfully,
(Signed,) WILL: PARE.

Hon. George E. Cartier,
&c., &c., &c.

[No. 8.]

[Copy.]

Russell's Hotel,
Quebec, 27th April, 1861.

Dear Sir,—

As I am without a reply to my note of the 25th instant, I take it for granted that the Government has not yet finally decided on a measure in *re* Grand Trunk.

There are one or two additional clauses which it occurs to me may be inserted in the Bill I have laid before you which will give it a more practical shape, and which I shall be ready to submit to you if desired.

I take this opportunity, too, of saying that it has occurred to me that although the Government may consent to aid the passage of the Bill through Parliament, they may yet prefer that it should be undertaken by some independent Member.

I am, Dear Sir,
Yours faithfully,
(Signed,) WILL: PARE.

Hon. George E. Cartier,
&c., &c., &c.

[No. 9.]

[Copy.]

Saturday, 27 April, 1861.

My dear Sir,—

I will be happy to see you on Monday (29th) at 12 o'clock—if it be convenient for you to call then at my office.

Yours very truly,

(Signed,) GEO. ET. CARTIER.

W. Pare, Esq.,
Russell's Hotel.

[No. 10.]

[Copy.]

Russell's Hotel,
1st May, 1861.

Dear Sir,

I regret that all my efforts with the Government in *re* Grand Trunk have proved, as you predicted, unavailing.

I have the satisfaction, however, of reflecting that, on behalf of those who sent me, I have done my duty, and that the onus of whatever future disasters may befall the concern will rest with others.

May I ask that you will be kind enough to return, by bearer, if possible, the Draft Bill, which I forwarded you, and so oblige,

Yours faithfully,

(Signed,) WILL: PARE.

Honorable John Ross,
&c., &c., &c.

[No. 11.]

[Copy.]

Executive Council Chamber,
Quebec, 1st May, 1861.

Dear Sir,

The Draft Bill which you so kindly sent me is at my lodgings, and I will try and recollect to send it to you this evening—although I should be glad if you would leave it with me, as it may be of use at some future time.

Yours sincerely,

(Signed) JNO. ROSS.

William Pare, Esq.

[Copy.] [No. 12.]

Russell's Hotel,
1st May, 1861.

Dear Sir,—

I am in receipt of your note for which I thank you.

I want the draft to shew some friends, after which I shall have no objection to leave it with you; but it must be distinctly understood that it is not to be cited hereafter as the concession of any principle on the part of those who have submitted it. It was submitted in good faith, though without prejudice—it has been rejected, and now passes into history.

I am, Dear Sir,
Yours faithfully,
(Signed,) WILL: PARE.

Hon. John Ross,
&c., &c., &c.

[Copy.] [No. 13.]

Executive Council Chamber,
Quebec, 1st May, 1861.

Dear Sir,—

I sent to my lodgings for your Draft Bill—which I enclose herewith, and shall not need it again.

Yours sincerely,
(Signed,) JNO. ROSS.

William Pare, Esq.,
Russell's Hotel.

[Copy.] [No. 14.]

Russell's Hotel,
Quebec 4th May, 1861.

Hon. G. E. Cartier,
&c., &c., &c.

Grand Trunk.

Dear Sir,

As the Government have thought fit to decline to have the Bill—draft of which I laid before them, in the interest of the Pre-

ference Bondholders—laid before the Legislature; although framed with the especial view of preserving the property from disruption pending the settlement, by the ordinary tribunals, of legal rights and priorities; and putting the Company in a position to raise fresh capital for the exigencies of the line, without the necessity of applying to the province for pecuniary aid; and was submitted subject to any alterations which might be suggested;—

And as the Government have not vouchsafed to disclose the provisions of the Bill of which you have given notice, but which is intended to affect the Railway, and may be prejudicial to the interests of the Preference Bondholders, if not to other classes interested in the property of the Railway, I am advised to serve you with the Notice herewith.

Believe me, dear Sir, with thanks for the courtesies you have at all times shown me,

Yours faithfully,
(Signed,) WILL: PARE.

[*Notice referred to in the letter No.* 14.]

[COPY.]

RUSSELL'S HOTEL,
Quebec, 4th May, 1861.

To the Hon. GEORGE E. CARTIER,
Premier, &c., &c., &c.

SIR,—

As Agent of the first Preferential Bondholders of the Grand Trunk Railway, I beg to give you notice that they are—in the event of the management of the Railway by the Company not meeting the Statutory requirements imposed upon the Company by any Act of Parliament—prepared, as parties primarily interested in the successful working of the Railway, to take the entire management and control of the undertaking into their own hands; and provide for the efficient working of the road, and the proper maintenance of the Postal service, the conveyance of Her Majesty's troops, and all traffic; and in all respects for the due performance of all obligations to the public.

(Signed,) WILL: PARE.

A duplicate of letter No. 14, together with notice as above, was, *mutatis mutandis* forwarded to the Honorable John Ross, *President of the Executive Council, &c., &c.*

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